



SOCIETY OF ACTUARIES

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PRACTICAL RESEARCH — WHAT IS IT?

by Gary Corbett,
Vice President for
Research and Sections

In the 1984 Membership Survey members were asked to select appropriate 1984-1988 goal priorities for the Society. The top vote-getter was "Develop More Practical Research," closely followed by "Develop Broader Continuing Education Aspects."

I believe the Society must take a broader view of what constitutes "research" and thus, as the Vice President responsible for research in the Society, have adopted as my primary goal the identification of the members' research needs, followed by the establishment of the necessary structures to address these needs. The satisfying of these needs will depend as much on education, mostly continuing, as on the research itself. Thus I will be working closely with the Vice President responsible for Services to Members to ensure the timely and effective translation and communication of research results to our members.

To get this process underway, we need to know more about the areas in which "more practical research" is needed. Since 4,000 of you identified this as a high or medium priority for the Society, we would hope to receive a large number of suggestions — both as to the fields in which research should be conducted and as to specific studies that would be of value to you.

Send your suggestions to Mark G. Doherty, Director of Research, at the Society's office. He will collect them for discussion at a Research Policy Committee meeting in late May.

Your assistance in defining our research needs is a vital first step. □

LATE BREAKING DEVELOPMENTS TO BE TESTED ON PARTS 9 AND 10

by Robert J. McKay

In preparing actuarial exams, the Society's Examination Committee has been unable to test knowledge of any developments occurring within about a year of the examination date due to the time required to prepare study materials and exam questions. As an example, the November 1984 exams contained no questions directly testing important developments such as DEFRA and REA.

Starting in November, the Society will adopt a new approach for Parts 9 and 10. This is based on a successful method of integrating current material recently adopted by the Casualty Society. If successful, the new approach may be extended to other fellowship exams in 1987.

The approach is as follows:

- One or more questions specifically addressing a current topic may appear on the specialty portion of the exam. In addition, candidates will be given credit for demonstrating knowledge of current topics on the remaining questions of their specialty.
- Had this approach been in place in 1984, the well-prepared candidate would have demonstrated a good understanding of DEFRA among other topics.
- Only important developments will be tested in this manner.
- Approximately 10% to 15% of the points on Parts 9 and 10 could come from knowledge of late breaking developments.
- The Society will *not* be publishing study notes on current topics but will make available a list of publications that should contain the information.

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HIGHLIGHTS OF MEMBERSHIP SURVEY

Those members who missed the presentation by John O'Connor, Executive Director, at the General Session of the 1984 Annual Meeting in Toronto may be anxious to learn the results of the recent survey of the membership. Members can contact the Society office for a copy of the overall results. In the meantime, highlights presented here offer a glimpse into the collective mind of the Society membership.

Response to the survey was quite high — approximately 60% of the membership completed the survey. The demographics of the respondent group correspond well with total Society membership in most respects, aside from some under-representation of Associate, foreign, and retired members. Foreign and retired members expressed regret that their lack of current involvement in North American actuarial practice made it impossible for them to participate meaningfully. Finer analyses were undertaken for several substantive questions to ensure representation of the views of various interest groups in the Society, and to maximize the utility of the survey as a basis for decisions concerning the goals and direction of the Society.

The results of these finer analyses were generally reassuring. Members from both Canada and the U.S. seem to be pleased with the direction of the Society. The only group to express a relative degree of dissatisfaction with the efforts of the Society is the pension community. The officers of the Society are taking note of the opinions expressed and are working to find ways to better meet the special needs of the pension actuary.

Members expressed their belief that three goals of the Society should take

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TERMITE CONTEST

James L. Shearer received no less than 11 entries to the contest he proposed (September 1984). His summary of these entries, and his awarding of the prizes, is reproduced below:

1. *Why did the woman conclude that actuaries had anything to do with termites?*

My favorite response (three writers suggested this) was that I assumed incorrectly the woman was referring to wood-eating social insects. In fact, she was plagued with "term-ites", a ravenous creature (some would have it) whose species is devouring the very foundations of the life insurance industry.

One respondent reached a little to this intriguing solution. The woman's husband had suffered a fatal heart attack at a table she subsequently referred to as her "Mortality Table". Since the termites were now attacking that table, she was simply looking for a professional with the necessary expertise. Another writer suggested that the woman remembered (faultily) a friend's telling her that "my son, the Actuary, has been promoted to Vice President of the Undertaking (sic) Department."

2. *What reply should have been given?*

A couple of writers suggested that a cooler actuary would at least have requested numbers and distributions by age and sex. Or, I should have inquired "termite life or termite certain?", or "Madam, we don't shorten life expectancy, we only measure it." Another consultant had no suggestions but asked that I point her his way if I thought she was good for the fee.

Some writers thought I was interpreting Opinion A-5 regarding Qualifications to Give Advice too narrowly and felt I should have expanded my business to take in this profitable line. One even had a suggestion for dealing with the pesky critters: feed them an old copy of "Measurement of Mortality". They would get so confused they would fall out of their tunnels.

As sole judge and benefactor, I declare the contest a draw and offer each of you a can of Raid or any other beverage of your choice the next time our paths cross at a meeting or convention — be it for actuaries or exterminators! □

20th Actuarial Research Conference

November 21 & 22, 1985
University of Texas at Austin
Financial Operations of Insurance
Companies and Employee
Benefit Plans

Measurement of surplus, solvency criteria, matching of assets and liabilities, asset selection and fund management.

Sponsors: CAS, SOA, Actuaries' Club of the Southwest, UT Austin

Further information:
Samuel H. Cox, Jr.
UT Austin, Austin TX 78712
(512) 471-4368

Symposium

May 29-31, 1985

University of Western Ontario
Foundations of Actuarial Science
Survival data analysis, stochastic processes, time series, distribution theory, survey of models.

Sponsor: University of Western Ontario

Further information:
Dr. B. Chan, U of WO,
London, Ontario, Canada
(519) 679-2609

Late Breaking Developments

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Advantages of this approach are that proposals or changes in legislation, regulation and accounting practice which occur within two or three months of an exam would become part of the syllabus — obviously changes occurring shortly before an exam could not be tested in depth, but a student should be aware of all major changes. A second advantage — and an important long-term improvement in the education of actuaries — is that candidates will learn to use resources other than study notes to keep up-to-date on their specialty.

The Examination Committee will be monitoring the results of this test over the next couple of years and will be sharing the results with the profession through *The Actuary*. □

A FULL-TIME PROFESSIONAL IN CONTINUING EDUCATION

The position of Director of Education has become too large for one person to handle, so the Society Board has authorized the employment of a new professional to take over the continuing education portion of the Director's duties. Linden Cole will continue to direct the E. & E. effort.

We welcome Barbara M. Choyke to the new position of Manager of Continuing Education. She is well qualified, both by education and experience, to help strengthen our continuing education programs. Members who attend any Spring Meeting will have an opportunity to meet her.

Ms. Choyke is completing her doctorate in education from Columbia, and holds an M.Ed. from Loyola. She has seven years of experience in continuing education, first with Marymount Manhattan College, then as Vice President of the Institute for Professional Development, a Chicago-based educational consulting firm. □

HALMSTAD PRIZE

The Actuarial Education and Research Fund is pleased to announce that the 1982 winner of the \$750 Halmstad Prize is Dr. L. A. Balzer of Australia for his paper entitled, "Control of Insurance Systems for Delayed Profit/Loss Sharing Feedback and Persisting Unpredicted Claims", which was published in the *Journal of the Institute of Actuaries of Great Britain*. It is noteworthy that Dr. Balzer is not an actuary. His present position is Manager, Advanced Technology Centre, Department of Industrial Development, New South Wales.

The David Garrick Halmstad Prize is given each year in memory of David Halmstad, whose death in 1977 at age 39 prematurely cut short a brilliant career in actuarial research. The Halmstad prize is awarded each year from funds which are held in trust by the AERF. □

Coming Next Month:
Current Financial Status
Of Social Security